

HELLENIC PETROLEUM S.A.
INTERIM
IAS CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2000

HELLENIC PETROLEUM S.A.

Interim Consolidated Balance Sheet

| | | As at | |
|--|-------|---|-----------------------------|
| | Notes | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| ASSETS | | | |
| Intangible assets | 10 | 20,652 | 22,470 |
| Property, plant and equipment | 11 | 214,332 | 210,428 |
| Investments in affiliates | 13 | 77,411 | 42,464 |
| Investments in securities | 14 | 10,038 | 10,038 |
| Deferred tax | 15 | 9,262 | 8,983 |
| Loans, advances and long term assets | 16 | 16,446 | 15,437 |
| | | <hr/> | <hr/> |
| Total long term assets | | 348,141 | 309,820 |
| | | <hr/> | <hr/> |
| Inventories | 17 | 137,175 | 118,469 |
| Accounts receivable | 18 | 132,973 | 131,886 |
| Cash and cash equivalents | 19 | 68,091 | 18,144 |
| | | <hr/> | <hr/> |
| Total current assets | | 338,239 | 268,499 |
| | | <hr/> | <hr/> |
| Total assets | | 686,380 | 578,319 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Share capital | 20 | 130,584 | 116,075 |
| Share premium | | 83,779 | 33,627 |
| Reserves | | 159,453 | 149,638 |
| | | <hr/> | <hr/> |
| Total shareholders' equity | | 373,816 | 299,340 |
| | | <hr/> | <hr/> |
| Minority interest | | 6,903 | 5,788 |
| Long-term debt | 21 | 18,267 | 17,490 |
| Pension plans and other long-term liabilities | 22 | 40,266 | 39,469 |
| | | <hr/> | <hr/> |
| Total long-term liabilities and shareholders' equity | | 439,252 | 362,087 |
| | | <hr/> | <hr/> |
| Accounts payable and accrued liabilities | 23 | 119,387 | 106,352 |
| Tax payable | 24 | 26,707 | 19,108 |
| Current portion of long-term debt | 21 | 1,763 | 3,387 |
| Short-term borrowings | 21 | 99,271 | 87,385 |
| Dividend payable | | - | - |
| | | <hr/> | <hr/> |
| Total current liabilities | | 247,128 | 216,232 |
| | | <hr/> | <hr/> |
| Total liabilities and shareholders' equity | | 686,380 | 578,319 |
| | | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A.

Interim Consolidated Income Statement

| | Notes | For the three months ended | |
|--|-------|---|----------------------------|
| | | 31 March 2000 Unaudited (Drs in millions) | 31 March 1999 Unaudited |
| Sale proceeds | | 345,417 | 157,430 |
| Sales taxes, excise duties and similar levies | | (43,883) | (40,884) |
| Net proceeds | | 301,534 | 116,546 |
| Cost of sales | | (266,181) | (96,411) |
| Gross profit | | 35,353 | 20,135 |
| Other operating income | | 968 | 585 |
| Selling, distribution and administrative expenses | 4 | (15,338) | (12,442) |
| Research and development | | (100) | (117) |
| Operating profit | | 20,883 | 8,161 |
| Interest and related income | 6 | 1,618 | 1,494 |
| Interest expense | | (1,706) | (790) |
| Currency exchange losses | | (4,617) | 588 |
| Share of net loss of affiliated companies | 7 | (92) | - |
| Income before exceptional items | | 16,086 | 9,453 |
| Exceptional items | 8 | 49 | - |
| Income before tax | | 16,135 | 9,453 |
| Taxation – current | | (6,686) | (3,223) |
| Taxation – deferred | 15 | 279 | (735) |
| Income after taxation | | 9,728 | 5,495 |
| Income/(loss) applicable to minority interest | | 87 | 46 |
| Net income for the period | | 9,815 | 5,541 |
| Earnings per ordinary share | | 41.88 | 23.87 |
| Net income attributable to ordinary shares (Drs in millions) | | 9,815 | 5,541 |
| Average number of ordinary shares outstanding | | 234,382,212 | 232,150,000 |

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A.

Interim Consolidated Statement of Changes in Equity

| | Tax deferred reserve and partially taxed reserves | Statutory reserve | Retained earnings | Total Reserves | Share capital | Share premium | Total Shareholders' Equity |
|---|---|----------------------|----------------------|-------------------|----------------|------------------|----------------------------------|
| | (Drs in millions) | | | | | | |
| Balance at 1 January 1999 (Audited) | 52,905 | 6,677 | 51,274 | 110,856 | 116,075 | 33,627 | 260,558 |
| Net income for three months (Unaudited) | - | - | 5,541 | 5,541 | - | - | 5,541 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 1999 (Unaudited) | 52,905 | 6,677 | 56,815 | 116,397 | 116,075 | 33,627 | 266,099 |
| Net income for nine months (Unaudited) | - | - | 33,259 | 33,259 | - | - | 33,259 |
| Translation exchange differences | - | - | (18) | (18) | - | - | (18) |
| Transfers between reserves | 8,279 | 1,716 | (9,995) | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 December 1999 (Audited) | 61,184 | 8,393 | 80,061 | 149,638 | 116,075 | 33,627 | 299,340 |
| Share capital increase | - | - | - | - | 14,509 | 50,783 | 65,292 |
| Costs of share issue | - | - | - | - | - | (631) | (631) |
| Net income for three months (Unaudited) | - | - | 9,815 | 9,815 | - | - | 9,815 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2000 (Unaudited) | <u>61,184</u> | <u>8,393</u> | <u>89,876</u> | <u>159,453</u> | <u>130,584</u> | <u>83,779</u> | <u>373,816</u> |

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A.**Interim Consolidated Cash Flow**

| | | For the three months ended | |
|---|-------|----------------------------|-----------------|
| | Notes | 31 March 2000 | 31 March 1999 |
| | | Unaudited | Unaudited |
| | | (Drs in millions) | |
| Net cash inflow from operating activities | 25 | 21,201 | 15,343 |
| Returns on investment and servicing of finance | | | |
| Realised net foreign exchange loss | | (217) | 588 |
| Interest paid | | (1,706) | (790) |
| Interest received | | 1,618 | 1,494 |
| Minority interest | | 1,202 | - |
| Net cash flow from returns on investment and servicing of finance | | 897 | 1,292 |
| Taxation paid | | (294) | (2,922) |
| Investing activities | | | |
| Payments to acquire property, plant and equipment and intangibles | | (8,482) | (11,884) |
| Payments to acquire investments in affiliates except DEPA | | (76) | 164 |
| Increase in investment of affiliate DEPA | | (35,000) | - |
| Net cash outflow from investing activities | | (43,558) | (11,720) |
| Net cash outflow before financing activities | | (21,754) | 1,993 |
| Financing activities | | | |
| Issue of share capital and additional paid in capital | 20 | 65,292 | - |
| Net movement in short-term borrowings | | 6,469 | (850) |
| Net movement in long term debt | | (1,023) | 1,434 |
| Net movement in securities | | - | (700) |
| Payments for finance leases | | (38) | - |
| Net cash inflow from financing activities | | 70,700 | (116) |
| Increase (decrease) in cash and cash equivalents (net of overdrafts) | | 48,946 | 1,877 |
| Opening balance, cash and cash equivalents (net of overdrafts) | | (8,191) | 19,053 |
| Closing balance, cash and cash equivalents (net of overdrafts) | | 40,755 | 20,930 |
| Cash and cash equivalents | | 68,091 | 24,050 |
| Overdrafts | | (27,336) | (3,120) |
| | | 40,755 | 20,930 |

See accompanying notes to the interim consolidated financial statements

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

1. ACCOUNTING PRINCIPLES

Hellenic Petroleum S.A. and subsidiaries (Hellenic Petroleum or “the Group”) a company operating predominantly in Greece is involved in various oil related activities including exploration and production, refining and marketing of oil products, manufacture and marketing of petrochemical products, and the transmission and distribution of natural gas products. The Group also provides engineering services.

The interim consolidated financial statements of Hellenic Petroleum and its subsidiaries (Hellenic Petroleum or “the Group”) are prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. The Group believes that its accounting policies are in accordance with current practice in the oil and gas industry and best reflect the economic substance of its business activities.

The financial information is expressed in millions of Greek drachmas.

Basis of presentation

The interim financial statements are presented in accordance with International Accounting Standard 34 - Interim Financial Reporting. They include the consolidated financial statements in a condensed format and the interim balance sheet and income statement of the parent company Hellenic Petroleum S.A. (the “Company”). The notes to the consolidated financial statements are condensed but include areas where there have been changes that materially affect the financial statements. The parent company interim balance sheet and income statement do not include notes.

2. ANALYSIS BY INDUSTRY SEGMENT AND GEOGRAPHIC ZONE

2a. Analysis by industry segment

| | Refining | Marketing | Exploration & production | Petro- chemicals | Engineering | Inter segment adjustments | Total |
|---|----------|-----------|-----------------------------|---------------------|-------------|------------------------------|---------|
| Three months ended 31 March 2000 (Unaudited) | | | | | | | |
| (Drs in millions) | | | | | | | |
| Net Proceeds | 273,186 | 98,779 | 93 | 11,318 | 2,517 | (84,359) | 301,534 |
| Depreciation | 2,981 | 793 | 103 | 229 | 158 | - | 4,264 |
| Depletion and amortisation | 416 | 1,220 | - | 24 | 13 | - | 1,673 |
| Other operating income | 442 | 604 | 26 | 320 | 8 | (432) | 968 |
| Operating profit | 20,369 | 572 | (702) | 141 | 471 | 32 | 20,883 |
| Share of loss of affiliate | - | - | - | (92) | - | - | (92) |
| Net income | 9,921 | 99 | (818) | 165 | 206 | 242 | 9,815 |

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

2. ANALYSIS BY INDUSTRY SEGMENT AND GEOGRAPHIC ZONE *(continued)*

| | Refining | Marketing | Exploration & production | Petro- chemicals | Engineering | Inter segment adjustments | Total |
|---|----------|-----------|-----------------------------|---------------------|-------------|------------------------------|---------|
| Three months ended 31 March 1999 (Unaudited) | | | | | | | |
| (Drs in millions) | | | | | | | |
| Net Proceeds | 86,576 | 46,210 | 25 | 6,437 | 2,131 | (24,833) | 116,546 |
| Depreciation | 1,816 | 857 | 119 | 400 | 51 | - | 3,243 |
| Depletion and amortisation | 108 | 651 | - | 23 | - | - | 782 |
| Other operating income | 258 | 244 | 27 | 71 | 9 | (24) | 585 |
| Operating profit | 7,986 | 2,054 | (824) | (1,022) | 383 | (416) | 8,161 |
| Share of loss of affiliate | - | - | - | - | - | - | - |
| Net income | 6,754 | 729 | (864) | (1,342) | 408 | (144) | 5,541 |

The inter segment adjustments reflect transactions between the segments.

2b. Analysis by geographic zone

| | Three months ended | |
|----------------------------|----------------------------|----------------------------|
| | 31 March 2000 Unaudited | 31 March 1999 Unaudited |
| (Drs in millions) | | |
| Inland market sales | 236,199 | 97,533 |
| International market sales | 65,335 | 19,013 |
| | 301,534 | 116,546 |
| | 301,534 | 116,546 |

3. ACQUISITIONS AND DEMERGERS

- a. On 23 April 1999 the Group established a new subsidiary EL.P.ET Balkan. The Group's 63% share of this subsidiary was acquired for an amount of Drs 2,520 million. No goodwill arose on acquisition. EL.P.ET has been consolidated in the Group for the year ended 31 December 1999.
- b. On 9 July 1999 the Group through EL.P.ET Balkan acquired 54% of OKTA refinery in FYROM. The goodwill on acquisition amounted to of Drs 6,548 million and is being amortised over five years. OKTA has been consolidated in the Group for the year ended 31 December 1999.
- c. On 12 November 1999 the Group acquired 75% of Global S.A. Albania. The goodwill on acquisition amounted to Drs 1,481 million and is being amortised over five years. Global S.A. has been consolidated in the Group for the year ended 31 December 1999.
- d. Following the share capital increase of Hellenic Petroleum S.A. on 24 March 2000, the Group increased its shareholding in DEPA to 35%. The negative goodwill on acquisition amounted to Drs 30,904 million (See note 13 below).

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

4. SELLING, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

| | Three months ended | |
|-----------------------------------|----------------------------|----------------------------|
| | 31 March 2000 Unaudited | 31 March 1999 Unaudited |
| | (Drs in millions) | |
| Selling and distribution expenses | 8,232 | 7,565 |
| Administrative expenses | 7,106 | 4,877 |
| | <u>15,338</u> | <u>12,442</u> |

5. DEPRECIATION, DEPLETION AND AMORTISATION

Depreciation, depletion and amortisation are included within expense headings in the Income Statement as follows:

| | Three months ended | |
|--|----------------------------|----------------------------|
| | 31 March 2000 Unaudited | 31 March 1999 Unaudited |
| | (Drs in millions) | |
| Cost of sales | 2,966 | 2,106 |
| Selling distribution and administrative expenses | 2,969 | 1,917 |
| Research and development | 2 | 2 |
| | <u>5,937</u> | <u>4,025</u> |

6. INTEREST AND RELATED INCOME

| | Three months ended | |
|---------------------------------|----------------------------|----------------------------|
| | 31 March 2000 Unaudited | 31 March 1999 Unaudited |
| | (Drs in millions) | |
| Interest income | 1,072 | 868 |
| Interest from trade receivables | 544 | 512 |
| Other related income | 2 | 114 |
| | <u>1,618</u> | <u>1,494</u> |

7. SHARE OF NET LOSS OF AFFILIATED COMPANIES

The balance represents the net loss from the affiliated company accounted for on the equity basis.

| | Three months ended | |
|---------------------------|----------------------------|----------------------------|
| | 31 March 2000 Unaudited | 31 March 1999 Unaudited |
| | (Drs in millions) | |
| Volos Pet Industries A.E. | (92) | - |
| | <u>(92)</u> | <u>-</u> |

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

8. EXCEPTIONAL ITEMS

| | Three months ended | |
|--|--------------------|-----------------|
| | 31 March 2000 | 31 March 1999 |
| | Unaudited | Unaudited |
| | (Drs in millions) | |
| Insurance claims for EKO refinery fire | 49 | - |
| | <u>49</u> | <u>-</u> |
| | <u><u>49</u></u> | <u><u>-</u></u> |

On 19 February 1999 a fire took place at the refinery in Thessaloniki. The above represents further insurance proceeds received in addition to amounts accrued as at 31 December 1999. The company was insured for both loss of earnings and assets destroyed in the fire.

9. EMPLOYEE EMOLUMENTS AND NUMBERS

| (a) Emoluments | Three months ended | |
|----------------------------------|----------------------|----------------------|
| | 31 March 2000 | 31 March 1999 |
| | Unaudited | Unaudited |
| | (Drs in millions) | |
| Remuneration | 9,820 | 8,647 |
| Social security contribution | 1,791 | 1,850 |
| Pensions and similar obligations | 916 | 238 |
| Other benefits | 1,024 | 698 |
| Total | <u>13,551</u> | <u>11,433</u> |
| | <u><u>13,551</u></u> | <u><u>11,433</u></u> |
| (b) Average numbers of employees | | |
| Refining | 2,993 | 1,645 |
| Marketing | 898 | 910 |
| Exploration and production | 116 | 197 |
| Petrochemicals | 365 | 433 |
| Engineering | 191 | 255 |
| Total | <u>4,563</u> | <u>3,440</u> |
| | <u><u>4,563</u></u> | <u><u>3,440</u></u> |

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

12. RELATED PARTY TRANSACTIONS

Included in the Income Statement are proceeds, costs and expenses which arise from transactions between the Group and related parties. Such transactions mainly comprise of sales and purchases of goods and services in the ordinary course of business and in total amounted to:

| | As at | |
|-------------------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Charges to related parties | 36,766 | 82,160 |
| Charges from related parties | 902 | 954 |
| Balances due from related parties | 7,306 | 5,462 |
| Balances due to related parties | 613 | 287 |
| Charges for directors' remuneration | 55 | 291 |

Charges to related parties are in respect of the following:

| | Name: | Nature of relationship: |
|-----|---|-------------------------------|
| (a) | Public Power Corporation Hellas | Common ownership – Government |
| (b) | Hellenic Armed forces | Common ownership-Government |
| (c) | Denison-Hellenic-DEP EKY-White Shield-Poseidon- | Joint venture |
| (d) | Enterprise Oil Exploration Limited | Joint venture |
| (e) | Triton Hellas S.A. | Joint venture |
| (f) | Public Gas Corporation of Greece S.A. (DEPA) | Affiliate |
| (g) | Volos Pet Industries A.E. | Affiliate |
| (h) | Directors' remuneration :- | |

Salaries and fees for the 36 members (1999: 27 members) of the Board of Directors for the three months ended 31 March 2000 and the year ended 31 December 1999 are Drs 55 million and Drs 291 million respectively.

13. INVESTMENTS IN AFFILIATES (EQUITY OR COST ACCOUNTED)

| | Method of accounting | Ownership Percentage | As at | |
|--|-------------------------|-------------------------|---|-----------------------------|
| | | | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Public Natural Gas Corporation of Greece (DEPA) | equity | 35 | 74,935 | 39,935 |
| EANT | cost | 13 | 6 | 6 |
| Volos Pet Industries A.E. | equity | 35 | 2,296 | 2,388 |
| DEP A.E.-THRAKI Joint Venture | cost | 25 | 158 | 119 |
| Algre A.E. | cost | 35 | 14 | 14 |
| Triton Hellas S.A. (Aitoloakarnania, Onshore Greece) | cost | 6 | - | - |
| Triton Hellas S.A. (Gulf Patraikos West Permit) | cost | 6 | - | - |
| Enterprise oil exploration limited (NN Peloponnesou) | cost | 12 | - | - |
| Other | cost | - | 2 | 2 |
| | | | <u>77,411</u> | <u>42,464</u> |

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

13. INVESTMENTS IN AFFILIATES (EQUITY OR COST ACCOUNTED) (continued)

As at 31 March 2000 Hellenic Petroleum's interest in DEPA has increased from 12.46% to 35%. As a result, negative goodwill has arisen and is included as follows:

| | 31 March 2000 Unaudited (Drs in millions) |
|---------------------|---|
| Share of net assets | 105,839 |
| Negative goodwill | (30,904) |
| | <hr/> |
| Total | 74,935 |
| | <hr/> <hr/> |

14. INVESTMENTS IN SECURITIES

| | As at | |
|--------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Held to maturity | 9,925 | 9,925 |
| Available for sale | 113 | 113 |
| | <hr/> | <hr/> |
| Total | 10,038 | 10,038 |
| | <hr/> <hr/> | <hr/> <hr/> |

The cost of securities approximates market value. The investment in securities mainly consist of government bonds, treasury bills and mutual funds.

15. TAX

| Deferred tax | Net asset/(liability) As at | | Gross potential asset/(liability) As at | |
|--------------------------------|--------------------------------|-----------------------------|--|-----------------------------|
| | 31 March 2000 Unaudited | 31 December 1999 Audited | 31 March 2000 Unaudited | 31 December 1999 Audited |
| | (Drs in millions) | | | |
| At 1 January | 8,983 | 11,110 | 17,006 | 18,288 |
| (Charge)/credit for the period | 279 | (2,127) | 615 | (1,282) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At period / year end | 9,262 | 8,983 | 17,621 | 17,006 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Provision for bad debts | 3,289 | 3,241 | 3,289 | 3,241 |
| Pension provision | - | - | 8,359 | 8,023 |
| Intangible and fixed assets | 5,090 | 5,291 | 5,090 | 5,291 |
| Other temporary differences | 753 | 321 | 753 | 321 |
| Environmental provision | 130 | 130 | 130 | 130 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 9,262 | 8,983 | 17,621 | 17,006 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

In 2000 and 1999 the corporate tax rate for the parent company was 35% and for all of the subsidiaries 40%.

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

16. LOANS, ADVANCES AND LONG TERM ASSETS

| | As at | |
|------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Loans and advances | 7,300 | 6,538 |
| Other long-term assets | 9,146 | 8,899 |
| | <u>16,446</u> | <u>15,437</u> |

Loans and advances represent merchandise credit granted to third parties. These amounts are non-interest bearing.

17. INVENTORIES

| | As at | |
|---|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Crude oil | 48,201 | 41,339 |
| Refined products and semi-finished products | 65,481 | 52,682 |
| Petro-chemicals | 4,116 | 3,871 |
| Consumable materials | 19,223 | 20,394 |
| Other | 154 | 183 |
| | <u>137,175</u> | <u>118,469</u> |

The effect of valuing closing inventory on a LIFO basis would have been to decrease gross profit by approximately Drs 31.2 billion as at 31 March 2000 and decrease gross profit by approximately Drs 17.1 billion as at 31 December 1999. The effect is calculated as if the LIFO basis was implemented from 1 January 1998.

18. ACCOUNTS RECEIVABLE

| | As at | |
|----------------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Trade receivables | 105,670 | 100,149 |
| Other receivables | 19,863 | 22,413 |
| Deferred charges and prepayments | 7,440 | 9,324 |
| Total | <u>132,973</u> | <u>131,886</u> |

19. CASH AND CASH EQUIVALENTS

| | As at | |
|---------------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Cash at bank and in hand | 25,131 | 10,085 |
| Cash equivalents | 42,960 | 8,059 |
| Total cash and cash equivalents | <u>68,091</u> | <u>18,144</u> |

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

20. SHARE CAPITAL AND ADDITIONAL PAID IN CAPITAL

| | As at | |
|-------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Number of common shares | 261,168,750 | 232,150,000 |
| Nominal value | 130,584 | 116,075 |

Each share has a nominal value of 500 drachmas.

The Company increased its share capital on 24 March 2000 by issuing 29,018,750 new ordinary shares (Drs 14,509,375 nominal value) at a price of 2,250 per share.

21. DEBT

| | As at | |
|-------------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Short-term debt | | |
| Overdrafts | 27,336 | 26,335 |
| Lines of credit | 70,066 | 60,500 |
| Other short term loans | 1,532 | - |
| Subtotal | 98,934 | 86,835 |
| Capitalised lease obligations | 337 | 550 |
| Short-term borrowings | 99,271 | 87,385 |
| Current portion of bank loans | 1,763 | 3,387 |
| | <u>101,034</u> | <u>90,772</u> |

| | As at | |
|-------------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Long-term debt | | |
| Bank loans | 16,064 | 15,461 |
| Other loans | 44 | 44 |
| Subtotal | 16,108 | 15,505 |
| Capitalised lease obligations | 2,159 | 1,985 |
| Subtotal | 18,267 | 17,490 |
| Due within one year | 1,763 | 3,387 |
| Total long term | <u>20,030</u> | <u>20,877</u> |

The aggregate maturities of long-term debt are:

| | | |
|------------------------------|---------------|---------------|
| Due in over five years | 5,294 | 3,167 |
| Due within two to five years | 10,814 | 12,338 |
| Long-term portion | 16,108 | 15,505 |
| Due within one year | 1,763 | 3,387 |
| | <u>17,871</u> | <u>18,892</u> |

HELLENIC PETROLEUM S.A.
NOTES TO THE INTERIM IAS CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2000

22. RETIREMENT BENEFITS, PENSION PLANS AND OTHER LONG TERM LIABILITIES

| | As at | |
|---|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Retirement benefits, pensions and similar obligations | 23,062 | 22,142 |
| Government advances | 8,728 | 8,728 |
| Environmental costs | 372 | 372 |
| Other | 8,104 | 8,227 |
| | <u>40,266</u> | <u>39,469</u> |

Government advances

The Drs 8,728 million advanced by the Greek Government to the Group for the purposes of research and exploration may become payable if income is generated from activity in the relevant areas. The terms of repayment will be determined by the Ministry of Development and Industry if applicable. This amount has been accrued.

Environmental costs

A provision of Drs 372 million has been established for the estimated cost of rectifying environmental damage, as required by regulatory authorities, at various group facilities. Because these activities do not provide future benefit, the cost has been charged to income.

Other

Included in the balance of Drs 8,104 million for the period ended 31 March 2000 is the long term proportion of the liability outstanding on the purchase of OKTA refinery, Drs 4,204 million (1999, Drs 3,941 million). The liability due within one year is included in current liabilities (note 23).

23. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | As at | |
|------------------------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Trade payables | 87,945 | 71,798 |
| Other payables | 15,550 | 22,788 |
| Accruals and deferred income | 15,892 | 11,766 |
| | <u>119,387</u> | <u>106,352</u> |

Included in the balance of Drs 15,550 million as at 31 March 2000 is the short term portion of the liability outstanding on the purchase of OKTA refinery, Drs 5,256 million. (1999, Drs 6,569 million)

24. TAX PAYABLE

| | As at | |
|--------------|---|-----------------------------|
| | 31 March 2000 Unaudited (Drs in millions) | 31 December 1999 Audited |
| Income taxes | 23,832 | 17,440 |
| Duties | 2,221 | 1,468 |
| VAT | 517 | 113 |
| Other | 137 | 87 |
| | <u>26,707</u> | <u>19,108</u> |

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25. NET CASH INFLOW FROM OPERATING ACTIVITIES

| | Three months ended | |
|--|--------------------|---------------|
| | 31 March 2000 | 31 March 1999 |
| | Unaudited | Unaudited |
| | (Drs in millions) | |
| Operating profit | 20,883 | 8,161 |
| Share of affiliate | (92) | - |
| Exceptional gain | 49 | - |
| Loss on write-off of investments | 129 | - |
| Depreciation, depletion, and amortisation | 5,937 | 4,025 |
| Loss on disposal of property, plant and equipment | 460 | - |
| Increase in pension plan and other long term liabilities | 534 | 477 |
| | <hr/> | <hr/> |
| Funds generated from operations | 27,900 | 12,663 |
| | <hr/> | <hr/> |
| Change in working capital: | | |
| Increase in inventories | (18,706) | (10,666) |
| Increase in accounts receivable and long term assets | (1,876) | 207 |
| Increase in payables and accrued liabilities | 13,883 | 13,139 |
| | <hr/> | <hr/> |
| | (6,699) | 2,680 |
| | <hr/> | <hr/> |
| Net cash inflow from operating activities | 21,201 | 15,343 |
| | <hr/> <hr/> | <hr/> <hr/> |

26. CAPITAL COMMITMENTS AND OTHER OBLIGATIONS

Purchase obligations

The Group entered into agreements for the purchase of 8,400kt metric tonnes of crude oil with a one year mutual option for additional purchases. The purchase prices are based on the officially listed prices of BRENT or PLATT'S MARKETWIRE.

Capital Commitments

In addition to the capital commitments for fixed assets, the following exist:

EL.P.ET, a subsidiary of the Group, is committed, through the purchase of OKTA refinery on 9 July 1999, to an investment plan which must be completed within a three year period from the purchase date as follows:

- Construction of crude oil pipeline- Total cost US \$ 90 million.
- Refinery upgrade - approximately US \$ 40 million in OKTA.
- Retail stations - approximately US \$ 20 million in OKTA.

According to the Share Purchase Agreement, Constitution of OKTA and the Law for Transformation of Enterprises with Social Capital of FYROM, the investment to be made in OKTA of US\$ 60 million will result in a corresponding share capital increase in favour of EL.P.E.T. without exercise of pre-emption rights. The constitution of OKTA has already provided for an automatic share increase of US\$ 60 million and the effect of this investment will be to increase EL.P.E.T.'s shareholding in OKTA to over 75%.

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27. CONTINGENCIES AND LITIGATION

- (i) The Government has advanced the Group Drs14.8 billion to undertake research and exploration, as determined by the Law 367/1976. A portion of the amount received Drs 8.7 billion may become repayable once the Group generates income from the discoveries resulting from its expenditure and therefore is included as part of the long term liabilities. The remaining Drs 6.1 billion has been written off as it is considered highly unlikely because of the nature of the expenditure that it will ever become repayable. The terms of repayment will be determined by the Ministry of Development and Industry if applicable. The expenditure incurred with the funding of advance has been written off.
- (ii) During 1998, the Group began participating in four new exploration arrangements. The Group participates proportionately in the budgeted exploration expenses and is committed to further expenditure in the event of a discovery. A provision is not made for the commitment to further expenditure as the likelihood of a discovery is not presently determinable.
- (iii) The Group is involved in a number of legal proceedings and has various unresolved claims pending arising in the ordinary course of business with a potential liability of approximately Drs 8.8 billion. Legal proceedings tend to be unpredictable and costly. Based on currently available information, management believes the outcome will not have an effect on the Group's operating results or financial position. In instances where the outcome is probable and the amount can be estimated, a provision has been made in the balance sheet and the amount is excluded from the contingent liability disclosed above.
- (iv) The Group has entered into a contract with the Greek Government for the creation of sports facilities on the Thessaloniki refinery premises for the use by the general public and the employees of the Group until the year 2017. Management is not in a position to determine whether the terms of the contract will be extended indefinitely or whether the land will be repossessed by the Greek Government.
- (v) The Group has not undergone a tax audit for the years ended 31 December 1997, 1998, 1999 and for the period ended 31 March 2000. The Group has not made a provision for any additional taxes as the amount cannot be estimated with any degree of certainty.
- (vi) The Group has issued letters of credit in favour of third parties amounting to Drs 16.5 billion mainly for the completion of contracts entered into by the Group.
- (vii) The European Commission has challenged, in proceedings before the European Court of Justice, the compatibility of certain provisions of Greek law with EU law relating to the free movement of goods. The Greek law at issue relates to the right a marketing company has to transfer to a Greek refinery its obligation to store compulsory stocks, provided the marketing company has a current supply contract with the Greek refinery. Additionally, if a marketing company has purchased products from a Greek refinery during the previous year, that Greek refinery is obliged to provide storage capacity for such marketing company in the current year, if the marketing company so wishes.

Management expects that any amendment of Greek law, if so required by the European Court, would not result in marketing companies purchasing products from suppliers outside Greece rather than from the Greek refineries, since compulsory stocks would still have to be stored in Greece and Hellenic Petroleum is well positioned to store such compulsory stocks. Management believes that marketing companies would continue to use Hellenic Petroleum's storage facilities because of the lack of other sufficient storage capacity and the environmental and other restrictions in place on the construction of new facilities make it unlikely that additional capacity could be made available.
- (viii) The Group is being sued by a small trading company alleging breach of trademark over the Hellenic Petroleum name. It is also being alleged that Hellenic Petroleum does not have the right to use its corporate name. During a hearing on 3 November 1999 the Group filed a counter-suit. The outcome of the hearing is still pending.
- (ix) The Group has applied for Government grants for the production of BOPP-film in Komotini. These grants have not been recorded as at 31March 2000 as although the Government committee has approved the grant the amount to be received has not yet been confirmed. The amount expected to be received is approximately Drs 3.9 billion. Additional amounts are expected for further stages of completion.
- (x) Long term receivables include an amount of Drs 3.5 billion relating to sales made by EKO-ELDA for the Serbian market. Recoverability is dependent on, amongst other things, the lifting of sanctions against Serbia. No provision has been made for these amounts as management believes them to be recoverable.

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- (xi) An environmental study was carried out for OKTA refinery during 1999. This study concluded that significant expenditure is required due to increasingly stringent requirements under new and anticipated environmental legislation in FYROM. No provision for this environmental liability has been made by the Group on the basis that under the terms of the Share Purchase and Concession Agreement, FYROM as seller of the refinery is responsible for payment of all of the refinery's liabilities due to pre-sale operations, including those resulting from past pollution.
- (xii) An injunction has been served against OKTA refinery by suppliers due to the acquisition by the Group of the company. This injunction prevents the company from divestment of its assets. Another injunction, to prevent the company from using the services of other suppliers for transportation and storage of crude oil, was set aside. The two parties have now entered into a non binding mediation process to try and resolve all their disputes relating to the provisions of the agreement between them.
- (xiii) ELPE, ELPET and a director of ELPET are being sued by contractors of OKTA for US\$ 4 million and Drs 3.5 billion, in connection with an agreement for the transportation and storage of crude oil between OKTA and such contractors. Court hearings are expected to commence in November 2000. As proceedings are at a preliminary stage, the Group is unable to form an opinion on the likely outcome.
- (xiv) Following an accident involving the motor tanker KRITI-GOLD on November 1998, at the company's mooring installation in Thessaloniki, four seamen died. Claims have been lodged in connection with this accident against the shipowner and the Group of approximately Drs 5 billion. The Group believes, based on information currently available, that the ultimate resolution would not likely have a material adverse effect on the results of its operations.

28. SUBSEQUENT EVENTS

On 25 February 2000 the Board of Directors proposed for formal approval at the Annual General Meeting a final dividend in respect of the year ended 31 December 1999 of Drs 14,364 million. In accordance with International Accounting Standard No. 10 as revised in 1999, this dividend is not shown as a liability as at 31 December 1999 or 31 March 2000.

29. LIST OF PRINCIPAL CONSOLIDATED SUBSIDIARIES AND AFFILIATES

| | Percentage of interest | Country of Incorporation |
|--|------------------------|--------------------------|
| Asprofos Engineering S.A. | 100% | Greece |
| EKO-ELDA Industrial and Commercial Petroleum Company | 100% | Greece |
| Petrolina S.A. | 100% | Greece |
| Petrolina Overseas Ltd. | 100% | Cyprus |
| EKO Georgia Ltd. | 76.5% | Republic of Georgia |
| EKO TAKO S.A. | 49% | Greece |
| EKO LINA S.A. | 100% | Greece |
| DIAXON A.B.E.E. (formerly EKO Film A.B.E.E) | 100% | Greece |
| Mamidakis S.A. | 100% | Greece |
| E.L.PET Balkan | 63% | Greece |
| Okta Refinery | 54% | FYROM |
| Global S.A. | 75% | Albania |

Effective 1 April 1998, the marketing subsidiaries ELDA-E International Trading Company S.A. and EKO Hellenic Fuels and Lubricants A.B.E.E. were absorbed by EKO-GAS A.E. and renamed EKO-ELDA Industrial and Commercial Petroleum Company. The two refining subsidiaries EKO Hellenic Refineries and Chemicals of Macedonia A.B.E.E. S.A. and Hellenic Aspropyrgos Refining S.A. and the exploration and production subsidiary Public Petroleum Corporation of Greece Exploration and Exploitation of Hydrocarbons S.A. merged with the parent company the Public Petroleum Corporation of Greece S.A. which was renamed Hellenic Petroleum S.A.

As of 1 January 1999 Petrolina AE merged with its parent company Eko-Elda. In addition, during the year ended 31 December 1999 the group began proceedings to liquidate Petrolina Overseas, an intermediate holding company. Both transactions had no effect material effect on the results.

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Reconciliation of the Interim Consolidated Greek Financial Results to the Interim Consolidated IAS Financial Results

| | 3 months ended 31 March 2000 (Unaudited) | As at 31 March 2000 (Unaudited) | 3 months ended 31 March 1999 (Unaudited) | As at 31 December 1999 (Audited) |
|--|--|---|--|---|
| | Net Income | Shareholders Equity (Drs in millions) | Net Income | Shareholders Equity |
| Balance as per Interim Greek Consolidated Financial Statements | 17,013 | 403,976 | 7,937 | 320,234 |
| 1 Replace the provision for statutory indemnities and defined benefit plan with the provision as calculated by the actuarial valuation | (72) | 1,187 | 292 | 1,260 |
| 2 Provide for deferred tax | 279 | 9,262 | (735) | 8,984 |
| 3 Reverse the 1996 revaluation of fixed assets and the effect of depreciation taken | 14 | (10,931) | 126 | (10,649) |
| 4 Write off of capitalised costs with no future benefit | (166) | (3,943) | 273 | (3,776) |
| 5 Write off of capitalised research and development costs and reversal of related depreciation | 661 | (14,423) | 225 | (15,086) |
| 6 Adjustment of depreciation to conform with the group policy | (11) | 847 | (2) | 859 |
| 7 Provision for environmental restorations | - | (372) | - | (372) |
| 8 To reverse the intercompany profit in the ending inventory and fixed assets | 106 | (1,856) | - | (1,962) |
| 9 Equity accounting | (93) | (595) | - | (502) |
| 10 Other provisions adjustments | (1,524) | (6,492) | 134 | (4,956) |
| 11 Reclassification of the export reserve | 120 | - | 81 | - |
| 12 Reclassification of grant from equity to deferred income or liabilities | 10 | (15,940) | (7) | (16,099) |
| 13 Tax entries | (6,686) | (6,844) | (3,223) | (293) |
| 14 Other | (11) | 80 | (145) | 110 |
| 15 Minority interest | 16 | (6,903) | - | (5,788) |
| 16 IPO costs to share premium account | 155 | (1,974) | 173 | (1,498) |
| 17 Devaluation of drachma | 630 | (1,888) | 591 | (2,518) |
| 18 Goodwill and depreciation of goodwill | (894) | 15,166 | (740) | 16,202 |
| 19 Exchange gains (timing differences) | 268 | 1,097 | 561 | 829 |
| 20 Dividends payable | - | 14,362 | - | 14,362 |
| Balance as per Interim IAS Consolidated Financial Statements | 9,815 | 373,816 | 5,541 | 299,341 |

HELLENIC PETROLEUM S.A.**Interim Income Statement**

| | For the three months ended | |
|---|----------------------------|---------------|
| | 31 March 2000 | 31 March 1999 |
| | Unaudited | Unaudited |
| | (Drs in millions) | |
| Sale proceeds | 261,881 | 93,038 |
| Cost of sales | (236,350) | (81,153) |
| Gross profit | 25,531 | 11,885 |
| Other operating income | 788 | 350 |
| Selling, distribution and administrative expenses | (7,027) | (5,819) |
| Research and development | (100) | (275) |
| Operating profit | 19,192 | 6,141 |
| Interest and related income | 1,406 | 1,286 |
| Interest expense | (986) | (137) |
| Currency exchange losses | (3,903) | 174 |
| Income before exceptional items | 15,709 | 7,464 |
| Exceptional items | 49 | - |
| Income before tax | 15,758 | 7,464 |
| Taxation – current | (6,007) | (573) |
| Taxation – deferred | 349 | (360) |
| Net income for the period | 10,100 | 6,531 |

HELLENIC PETROLEUM S.A.

Interim Balance Sheet

| | As at | |
|--|-------------------|------------------|
| | 31 March 2000 | 31 December 1999 |
| | Unaudited | Audited |
| | (Drs in millions) | |
| ASSETS | | |
| Intangible assets | 3,845 | 4,116 |
| Property, plant and equipment | 157,030 | 154,640 |
| Investments in affiliates | 119,662 | 82,733 |
| Investments in securities | 9,925 | 9,925 |
| Deferred tax | 6,255 | 5,906 |
| Loans, advances and long term assets | 1,710 | 1,804 |
| | <hr/> | <hr/> |
| Total long term assets | 298,427 | 259,124 |
| | <hr/> | <hr/> |
| Inventories | 123,168 | 104,725 |
| Accounts receivable | 92,159 | 99,561 |
| Cash and cash equivalents | 63,641 | 11,865 |
| | <hr/> | <hr/> |
| Total current assets | 278,968 | 216,151 |
| | <hr/> | <hr/> |
| Total assets | <u>577,395</u> | <u>475,275</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Share capital | 130,584 | 116,075 |
| Share premium | 83,779 | 33,627 |
| Reserves | 146,419 | 136,319 |
| | <hr/> | <hr/> |
| Total shareholders' equity | 360,782 | 286,021 |
| | <hr/> | <hr/> |
| Long-term debt | 2,294 | 2,294 |
| Pension plans and other long-term liabilities | 27,095 | 26,268 |
| | <hr/> | <hr/> |
| Total long-term liabilities and shareholders' equity | 390,171 | 314,583 |
| | <hr/> | <hr/> |
| Accounts payable and accrued liabilities | 94,337 | 83,740 |
| Tax payable | 20,539 | 14,532 |
| Current portion of long-term debt | 750 | 750 |
| Short-term borrowings | 71,598 | 61,670 |
| Dividend payable | - | - |
| | <hr/> | <hr/> |
| Total current liabilities | 187,224 | 160,692 |
| | <hr/> | <hr/> |
| Total liabilities and shareholders' equity | <u>577,395</u> | <u>475,275</u> |